

Table 1

Proposal	Fiscal Year 2009-10 Static Revenue Estimates (\$ Millions)
(1) Increase the sales tax rate by one percent	\$6,000
(2) Adopt a 12-month test for use tax on out-of-state purchases of vehicles, vessels and aircraft	\$19
(3) Eliminate the partial exemption for agricultural machinery and equipment purchases	\$123
(4) Eliminate the partial exemption for diesel fuel used in farming and food processing	\$45
Total	\$6,187

= \$6 billion

Table 2

Estimated Dynamic Revenue Impacts of a One Billion Dollar Increase in the Sales and Use Tax, Holding All Other Taxes Constant And Assuming a Balanced Budget

Dynamic Revenue Impact (Percent)	-8%	$.08 \times \$6 \text{ billion}$
Dynamic Revenue Impact (Millions of Dollars)	-\$80	" \$480 million
Net Tax Revenues (Millions of Dollars)	\$920	annual shortfall
Jobs Impacts (Number of Jobs)	-9,381	$\times 6 = 56,286$
Business Investment Impacts (Millions of Dollars)	-\$107	$\times 6 = \$642 \text{ million}$

Source: Communication with the Department of Finance staff, January 2003. Documented in memo from Joe Fitz to Honorable Bill Leonard, January 30, 2003, "Sales and Use Tax Increase Revenue Impacts." Employment and investment relationships updated from 2002 to 2007 using the California consumer price index.

Table 3

Estimated Dynamic Revenue Impacts of Specified Sales and Use Tax Increases, Holding All Other Taxes Constant And Assuming a Balanced Budget

Static Sales and Use Revenue Estimate (Millions of Dollars)	\$6,187
Dynamic Revenue Impact (Percent)	-8%
Dynamic Revenue Impact (Millions of Dollars)	-\$495
Net Tax Revenues (Millions of Dollars)	\$5,692
Jobs Impacts (Number of Jobs)	-58,038
Business Investment Impacts (Millions of Dollars)	-\$660